HOSPITALITY AND RECREATIONAL PROPERTY MARKET.

The market for Hospitality and Recreational Properties in Tanzania continues to grow and shows signs of becoming a competitive space among both local and foreign investors.

The Hospitality, Tourism, and Entertainment Property Market is highly competitive in terms of growth, especially in major and smaller cities, tourist destinations, national parks, coastal areas, and natural scenic locations such as mountains and forests.

Types of Hospitality Properties.

1. Hotels.

All hotel buildings fall under the Hospitality Sector, and this includes hotels of all standards and categories.

2. Guest Houses.

Guest houses are among the buildings classified within the Hospitality Sector.

3. Lodges.

These are improved guest accommodation properties popularly known as lodges.

The difference between guest houses and lodges is minimal largely based on perception, with lodges often seen as more scenic and comfortable for overnight stays.

4. Inns or Small Hotels.

These are hospitality buildings that have not yet reached full hotel status, but their room services are equivalent to 1-star, 2-star, or 3-star hotels.

5. Recreational Properties.

These include properties such as:

A. Night Clubs – Entertainment venues and buildings related to clubbing.

B. Swimming Pool Facilities – Premises designed for swimming and related activities.

C. Casinos and Gambling Facilities – Similar to nightclubs but primarily intended for gambling, betting, or gaming activities.

6. Food Service Properties (Restaurants, Cafés, and Cafeterias).

These are buildings that provide food services to large groups of people, such as:

1.Cafeterias – Often serve students or single groups.

2.Restaurants – Serve a wide variety of individual customers.

3.Cafes– Specialize in beverages like coffee and light meals.

7. Low-Cost Accommodation Properties (Hostels, Motels, and Dormitories).

These are hospitality properties offering budget accommodation, also part of the hospitality sector.

8. Conference and Convention Centres.

Meeting halls and convention centers also fall under the Hospitality Sector due to their service-oriented nature in hosting events and conferences.

Conclusion;In Tanzania, the market for Hospitality, Tourism, and Recreational Properties is highly competitive, particularly in major cities such as Dar es Salaam, Arusha, and Zanzibar.

Key Drivers of Growth in the Hospitality Sector.

The hospitality sector has been closely linked to tourism and security. The following are the key drivers of growth in Tanzania's hospitality sector.

1. Growth of Tourism.

The increase in both domestic and international tourists lead to growth in the hospitality sector. Wildlife parks, beaches, mountains, and scenic natural areas attract various tourists. **For example**, between 2012 and 2016, the number of tourists increased from 800,300 to 980,000. And from 2017 and 2021, the growth was more moderate.

However, between 2021 and 2024, the number of visitors to tourist attractions rose sharply, making Tanzania one of the African countries with the highest number of tourists, with cities like Zanzibar and Arusha leading in tourism.

2. Political Stability, Peace and Security.

Tanzania is among the few African countries with political stability, peace, and security. This has made Tanzania a preferred destination for East African tourists compared to Kenya or Uganda, where security remains a concern.

Note; This does not mean Tanzania is free from social issues, but the level is relatively low.

3. Heavy Marketing Strategies.

Several initiatives have been taken to promote Tanzania's tourism and hospitality sector; including:

- <u>Formation of the Tanzania tourist board</u>; which launched a digital/electronic marketing campaign aimed at attracting tourists from the USA, Germany, Italy, the UK, etc.
- <u>Bilateral partnerships</u>; with countries such as Mauritius and Germany to promote Tanzania's tourist attractions.
- <u>Establishment of the Tanzania Safari Channel</u>; A national tourism TV channel aimed at promoting domestic tourism and encouraging Tanzania's to visit national attractions and learn about cultural heritage.
- <u>The creation of the tourism documentary</u>; The Royal Tour featuring president SAMIA SULUHU HASSAN, which significantly boosted global awareness of Tanzania's attractions.

Example; Serengeti National Park has been ranked the best Park in Africa and the world three times in a row, surpassing Kruger (south Africa) Maasai Mara (Kenya), and Okavango (Botswana). The film also repositioned Zanzibar as a top Africa tourism destination.

4. **Government's Role in Improving Infrastructure.**

The government has continued to improve old infrastructure and build new modern infrastructure to make tourist destinations accessible.
Examples includes;

- airport construction, bridges, purchasing passenger planes, road and railway repairs.
- Launch of the Standard Gauge Railway (SGR), which is expected to boost tourism.
- Acquisition of passenger aircraft.

5. Private Sector Investment.

Local and foreign private investors are actively participating in developing the hospitality sector.

They contribute by;

- Building hotels and hospitality facilities.
- Running companies,especialy in regions like Arusha and Zanzibar.

6. Increase in Income and Interest among Tanzanians to Visit Tourist Attractions.

A growing middle and upper-income class in Tanzania has led to;

- Increased spending power.
- A growing interest in leisure travel among Tanzanias, especially during holiday seasons.

For instances; there is an increase in domestic tourists during holiday months.

Conclusion.

The Royal Tour, the efforts of private stakeholders in the tourism sector, and the government's efforts greatly help grow the hospitality and entertainment property market in Tanzania.

Challenges Hindering the Growth of the Hospitality Property Sector in Tanzania.

Challenge 1: Poor Infrastructure (Deteriorating Infrastructure).

According to a 2022 study by TBS and international tourists about Tanzania's infrastructure, only 40% of tourists were satisfied with the tourism infrastructure and hospitality property market in Tanzania.

60% were dissatisfied with the existing infrastructure and requested improvements such as roads, hotel services, security, airports, bridge construction, better customer service especially in wildlife parks, beach safety, mountain climbing facilities, etc.

Survey findings;

- Mainland Tanzania; infrastructure quality is rated at 48.5%.
- Zanzibar(islands); Rated slightly better at 56%, but this is mostly due to Mjini Magharibi Region, which scored 85%. Other region such as Unguja South and North, and Pemba South and North were all below 50%.

challenge 2: Increased Costs Due to VAT Charges.

In 2016, The Tanzanian government imposed VAT on tourism services as a way to increase revenue in the tourism sector.

As a result this move to;

I. A decline in tourist arrivals.
II. A negative impact on the hospitality and recreational property market,
III. Ongoing concerns among some tourists about potentially rising costs.

Challenge 3: Political Uncertainty During Elections, Especially in Zanzibar.

Zanzibar's tourism sector becomes unstable during and after elections due to security concerns.

Example; In 2015/16, tourist numbers dropped by 26%.

In 2000, Zanzibar's tourism was severely affected by political and election-related issues.

Challenge 4: Low Motivation for Domestic Tourism.

Many Tanzanians have not been encouraged to visit tourist attractions such as wildlife parks due to economic challenges or lack of a travel culture.

This may be due to;

- Economic hardships, or
- A general lack of tradition or culture of traveling for leisure within the country.

Note; There is relatively high interest in visiting beach destinations compared to other attractions.

NB; Both the Union Government and the Zanzibar Government are making strong efforts to improve the tourism sector. For instance, In Zanzibar, tourism is the leading contributor to the regional GDP.

CONCLUSION; The hospitality property sector in Tanzania is growing rapidly, especially in cities and regions with rich tourist attractions. This growth is fueled by increasing tourism activity, government and private sector investment, and the rising demand for accommodation and entertainment facilities in popular destinations, i.e. Dar es Salaam, Zanzibar, and Arusha.

EXTENDED REVIEW OF HOSPITALITY SECTOR IN TANZANIA.

1. Market Overview.

Provides a general picture of the hospitality sector, showing its size, structure, growth and current condition.

- ✓ **Market size –** total value or economic contribution of the hospitality sector.
- ✓ **Number of hotels –** total hotels/properties operating in the market.
- ✓ **Total room inventory –** total number of available hotel rooms.
- ✓ **Hotel categories –** luxury, upscale, midscale, economy, boutique, resorts, etc.
- ✓ **Market growth –** how the sector has grown over recent years.
- ✓ **Major hospitality destinations –** key cities, tourism areas and business centers.
- ✓ **Domestic vs international market –** contribution of local and foreign visitors.
- ✓ **Business vs leisure demand –** importance of corporate and tourism travel.
- ✓ **Current market condition –** growing, stable, recovering or oversupplied.

Purpose: Establishes the overall health and attractiveness of the market.

2. **Supply & Development Pipeline.**

Examines the existing hotel capacity and future hotel projects entering the market.

- **Existing hotel supply-** Shows the total number of hotels and rooms currently available in the market.
- **Supply by category-** Shows how many rooms are available in each hotel segment, such as luxury, upscale, midscale, and budget.
- **Supply by location-** Shows where hotels and rooms are concentrated across major areas or destinations.
- **Hotels under construction-** Shows hotel projects that are currently being built and will add new rooms to the market.
- **Planned/proposed hotels-** Shows hotel projects that are planned or proposed but have not yet started construction.
- **Development pipeline-** Shows the total number of hotel rooms expected to be added in the future from new developments.
- **International brands entering the market-** Identifies new international hotel chains or brands planning to enter the market.
- **Renovation and expansion-** Shows existing hotels that are upgrading, renovating, or adding more rooms.
- **Expected opening dates-** Indicates when new hotels or additional rooms are expected to become operational.
- **Supply growth rate-** Measures the percentage increase in hotel rooms over a specific period. Helps to determine whether the market is undersupplied, balanced or facing oversupply.

3. Demand & Tourism Trends

Examines where hotel customers come from, why they travel and how demand is changing.

i. **International tourist arrivals;** Measures the number of foreign visitors coming into the country or destination. It also looks at whether international arrivals are increasing or decreasing.
This helps show the strength of the international tourism market.

ii. **Domestic tourism;** Examines travel by local residents within the country.
It measures how much domestic travelers use hotels and other accommodation.
This can provide demand even when international tourism is low.

iii. **Business travel;** Looks at hotel demand from business travelers and corporate or government visitors. These guests usually travel for meetings, work assignments or official activities.
Business demand can be important throughout the year.

iv. **Leisure tourism;** Measures demand from people travelling for holidays and recreation.
This includes beaches, safaris, culture, entertainment and other attractions. It is often a major source of hotel demand in tourist destinations.

v. **MICE demand (**meetings, incentives, conferences and exhibitions); Measures demand generated by meetings, incentives, conferences and exhibitions. Large conferences and business events can bring many visitors to a destination. This can significantly increase hotel occupancy during events.

vi. **Source markets**; Identifies the countries or regions from which tourists come.
It shows which markets generate the most visitors. This helps hotels understand and target their main customers.

vii. **Average length of stay;** Measures the average number of nights visitors spend at a destination. Longer stays generally create more hotel room demand.
Short stays may require higher visitor numbers to generate the same demand.

viii. **Seasonality**; Examines periods when tourism demand is high or low. Peak seasons usually have higher hotel occupancy and room rates. Low seasons may result in lower occupancy and reduced hotel revenue.

ix. **Tourism spending;** Measures how much visitors spend during their trips.
This can include accommodation, food, transport, shopping and entertainment. Higher spending can support stronger hotel revenues

x. **Travel connectivity;** Examines how easily visitors can reach the destination.
This includes airports, airlines, roads, railways and other transport infrastructure.
Better connectivity can increase tourist arrivals and hotel demand.

xi. **Major events;** Looks at conferences, festivals, sports events and exhibitions that attract visitors.
These events can create temporary increases in hotel demand.Frequent major events can also support demand throughout the year.

4. Pricing and Revenue Trends.

Measures how much hotels charge customers and how effectively they convert available rooms and other services into revenue.

- **ADR (Average Daily Rate) –** Measures the average price paid for an occupied hotel room. A higher ADR generally indicates that hotels are able to charge higher prices.
- **RevPAR –** Measures the revenue generated from each available room. It combines room rates and occupancy to show how effectively hotel rooms generate revenue.
- **Room rate trends –** Shows whether hotel room prices are increasing, decreasing or remaining stable. This helps identify changes in market demand and hotel's pricing power.
- **Pricing by hotel category –** Compares room prices between luxury, upscale, midscale and other hotel categories. This shows which hotel segments command the highest or lowest prices.
- **Pricing by location –** Compares hotel prices across different destinations or areas. Prime locations may charge higher rates because of stronger demand or better accessibility.
- **Peak-season pricing –** Examines higher room rates during periods of strong demand.
  Hotels often increase prices during holidays, festivals and busy tourism seasons.
- **Low-season pricing –** Examines lower rates or discounts during periods of weak demand.
  Hotels may reduce prices to attract more guests and improve occupancy.

- **Corporate rates –** Refers to special or negotiated room rates offered to business customers.
  These rates help hotels attract companies that provide regular business.

- **OTA pricing –** Looks at room prices offered through online travel agencies such as Booking.com and Expedia. Comparing these rates helps assess how hotels are competing through online booking platforms.

- **Direct booking rates –** Examines prices offered through the hotel's own website or direct booking channels. Hotels may use direct bookings to reduce commission costs and build stronger customer relationships.

- **Food & beverage revenue –** Measures income from restaurants, bars, room service and other food and beverage activities. This shows how much revenue hotels generate beyond selling rooms.

- **Other revenue –** Includes income from conferences, spas, parking, events and other hotel services. These additional sources can significantly increase total hotel revenue.

5. Competitive Landscape.
Examines the main competitors and how they position themselves in the market.

- **Major hotel brands;** Identifies the main international and local hotel operators in the market. It shows which brands have a strong presence and compete for customers this helps to assess the overall competitive environment.

- **Number of rooms by competitor;** Measures the number of rooms operated by each competitor, It shows the relative size and market presence of different hotels. Usually larger competitors may have a greater ability to capture market demand.

- **Market positioning;** Identifies whether competitors operate in the luxury, upscale, midscale, budget or boutique segments. This shows which customer groups each hotel is targeting. It also helps identify segments with strong or limited competition.
- **Location;** Examines where competing hotels are located. Hotels in prime business, tourism or transport locations may have competitive advantages. Location also helps identify areas with limited hotel competition.
- **Target customers;** Identifies the main customer groups served by each competitor. These may include business, leisure, domestic, international and MICE travelers. Understanding these groups helps determine which customers are already well served.
- **Room pricing;** Compares room rates and ADR between competing hotels. This shows how hotels position themselves based on price, it also helps determine whether a new hotel can compete effectively on pricing.
- **Occupancy performance;** Examines how well competitors fill their available rooms when data is available. Higher occupancy may indicate stronger demand or better market positioning. Comparing occupancy helps assess competitor performance.
- **Facilities and amenities;** Compares facilities such as restaurants, pools, gyms, spas and conference facilities. These features can influence customers when choosing between hotels, Hotels with stronger facilities may have an advantage in attracting certain segments.

- **Brand strength;** Measures the reputation and recognition of hotel brands among customers. Strong brands may attract loyal customers and benefit from international marketing networks. Brand strength can therefore influence occupancy and pricing power.
- **Online reviews or ratings;** Examines customer feedback and ratings on online platforms. Positive reviews can improve a hotel's reputation and attract more customers, Poor reviews may indicate weaknesses in service or guest experience.
- **Competitive advantages;** Identifies the factors that make one hotel stronger than its competitors. These may include location, brand, service quality, price, facilities or customer experience, understanding these advantages helps identify how a new hotel can compete.
- **New entrants;** Identifies hotels and brands expected to enter the market. Thus new entrants can increase competition and add more rooms to the market, they may also introduce new brands, services and pricing strategies.
- **Market gaps;** Identifies customer segments, locations or hotel categories that are currently underserved. For example, there may be limited midscale hotels, business accommodation or quality budget options. These gaps can create opportunities for new hotel development.

6. Key Drivers

These are the factors that stimulate **hotel demand, investment, and growth in the hospitality sector**.

1) **Tourism growth:** More tourists create greater demand for hotel rooms and accommodation.
   As tourist arrivals increase, hotel occupancy and revenue can also increase.
   Strong tourism growth therefore encourages new hotel development.

2) **Economic growth:** A growing economy increases spending by businesses and consumers.
   This can lead to more business travel, holidays and hotel stays.
   Strong economic growth generally supports the expansion of the hospitality sector.

3) **Business activity:** Increased business activity creates more travel for meetings, projects and work. Business travelers often require hotels for accommodation and meetings. More companies and business activities can therefore increase hotel demand.

4) **Rising disposable income:** Higher incomes give people more money to spend on travel and leisure. This can increase demand for holidays, hotels, restaurants and other hospitality services.
   Rising incomes can therefore support growth in domestic and international tourism.

5) **Population and urbanization:** Population growth increases the number of people who may travel and use hospitality services. Urbanization also creates larger cities with more business and tourism activity. This can increase demand for hotels, restaurants and other accommodation.

6) **Foreign direct investment:** Foreign investment can provide capital for developing new hotels and tourism facilities. It can also introduce international hotel brands and management expertise. This can increase both the quality and capacity of the hospitality market.

7) **Infrastructure development:** Better roads, airports, railways and public facilities make destinations easier to access. Improved infrastructure can encourage more tourists and business travelers to visit. It therefore supports hotel demand and new tourism development.

8) **Improved air connectivity:** More direct flights make it easier and faster for tourists to reach a destination. Increased flight frequency can also expand the number of international and domestic visitors. Better air connectivity therefore supports higher hotel occupancy and tourism growth.

9) **Government tourism initiatives:** Governments can promote destinations through tourism marketing and development programs. They can also introduce policies and investments that encourage tourism and hotel development. Effective government support can therefore increase visitor numbers and investment.

10) **International events and conferences:** Conferences, exhibitions, festivals and sports events attract visitors to a destination. These visitors create additional demand for hotel rooms, restaurants and other services. Major events can therefore increase hotel occupancy and revenue.

11) **Growing middle class:** A larger middle class generally has greater spending power and more interest in travel. This can increase

demand for affordable and midscale hotels. Middle-class growth can therefore create a larger customer base for the hospitality sector.

12) **Development of new tourist destinations:** New attractions and destinations create additional reasons for tourists to travel. This can spread tourism beyond established locations and create demand for new hotels, developing new destinations can therefore support long-term hospitality growth.

8. Emerging Trends

Identifies **new customer preferences, technologies, and business models** that are changing the hospitality industry and influencing future hotel demand. And they include;

- **Boutique/lifestyle hotels -** These hotels focus on unique designs, personalized services and local character. They attract customers looking for experiences that are different from traditional chain hotels, their popularity is increasing among travelers who value individuality and authenticity.
- **Wellness tourism -** Focuses on health, fitness, spa treatments and overall wellbeing, Travelers increasingly choose hotels that offer wellness facilities and healthy experiences. This creates opportunities for hotels to develop specialized wellness services.
- **Eco-tourism -** Focuses on nature-based travel and environmentally responsible tourism. Travelers are increasingly interested in destinations and hotels that protect the environment. This can increase demand for environmentally friendly tourism products.
- **Sustainable hotels -** These hotels focus on reducing their environmental impact measures include energy efficiency, water

conservation and waste reduction. Sustainability can reduce operating costs and attract environmentally conscious customers.

- **Smart hotels -** Use technology to improve guest experiences and hotel operations, Examples include smart rooms, mobile controls and automated services. Technology can improve efficiency, convenience and customer satisfaction.
- **AI adoption -** Artificial intelligence is increasingly used for pricing, customer service and marketing. It can help hotels personalize offers and understand customer preferences AI can also improve operational efficiency and decision-making.
- **Digital check-in/out -** Allows guests to check in and leave using digital systems rather than traditional reception processes. This can reduce waiting times and make the guest experience more convenient. It can also reduce the workload for hotel staff.
- **Serviced apartments -** Provide hotel-like services with additional living facilities for longer stays. They are attractive to business travelers, families and guests staying for several weeks or months. Their growth can create competition for traditional hotels.
- **Bleisure travel -** Combines business travel with leisure activities. Business travelers may extend their trips to enjoy tourism and recreation. This can increase hotel stays and spending beyond the business portion of the trip.
- **Experience-based tourism -** Travelers increasingly want memorable activities rather than accommodation alone. Hotels can offer cultural, food, adventure and local experiences to meet this demand. This can help hotels differentiate themselves from competitors.

- **Flexible hospitality -** Combines accommodation with workspaces, meeting areas and other uses. It allows hotels to serve different customer needs within the same property. This can create additional revenue opportunities and improve the use of hotel space.

- **Direct digital booking -** Hotels are increasingly encouraging customers to book directly through their own websites and digital channels. This can reduce dependence on online travel agencies (OTAs) and their commission costs. Direct bookings can also help hotels build stronger relationships with customers.

9. Regulatory & Policy Environment

Examines the laws, regulations and government policies that affect hotel development and operations.

- Hotel licensing – requirements to legally operate.
- Hotel classification – standards for different hotel categories.
- Land ownership – rules governing land acquisition/use.
- Zoning and planning – where hotels can be developed.
- Building approvals – permits and development requirements.
- Environmental regulations – environmental assessments and sustainability requirements.
- Health and– standards for guests and employees.
- Fire regulations – fire protection and emergency requirements.
- Food safety regulations – requirements for restaurants and food services.
- Employment regulations – labour laws, safety wages and employee requirements.

- Taxation – VAT, corporate tax, tourism levies and other taxes.
- Foreign investment rules – requirements affecting international investors.
- Tourism policies – government strategies and incentives for tourism.

10. Investment & Development

Assesses whether a hotel project is **commercially and financially viable** by examining its costs, expected revenues, profitability, investment returns, and potential value.

- **Construction cost -** The total cost of physically constructing the hotel. It includes materials, labour, equipment and contractor costs, higher construction costs can reduce the project’s profitability.
- **Development cost per room -** Measures the total development cost for each hotel room. It is calculated by dividing the total development cost by the number of rooms. This helps compare the cost efficiency of different hotel projects.
- **Financing cost -** Refers to the cost of borrowing money to finance the project. It is mainly affected by interest rates, loan terms and availability of debt, Higher financing costs can reduce the project's returns.
- **Land cost -** The cost of acquiring or preparing the site for hotel development. Land prices vary depending on location, size and development potential, High land costs can significantly increase the overall project cost.
- **Development timeline -** Measures how long it will take to complete and open the hotel .It includes planning, approvals, construction

and commissioning, longer development periods can increase costs and delay revenue generation.

- **Occupancy assumptions -** Estimates the percentage of available rooms expected to be occupied.
  Higher occupancy means more rooms are being sold to customers. Realistic occupancy assumptions are important for accurate financial projections.

- **ADR assumptions -** Estimates the average price the hotel expects to charge for an occupied room. It depends on the hotel category, location, competition and customer demand, A higher ADR can increase room revenue if demand supports the pricing.

- **RevPAR -** Measures the expected revenue generated from each available room. It combines occupancy and ADR to assess room revenue performance. It is an important indicator of the hotel's financial potential.

- **Operating costs -** Includes the ongoing costs of running the hotel. These include labour, utilities, maintenance, marketing, supplies and administration. Controlling these costs is important for maintaining profitability.

- **Profitability -** Measures the expected profit generated by the hotel after operating expenses. It is often assessed using operating profit or NOI, higher profitability makes the project more attractive to investors.

- **Investment return -** Measures how much investors are expected to earn from the project. Common measures include ROI, IRR and payback period, stronger returns generally indicate a more attractive investment opportunity.

- **Hotel valuation -** Estimates the market value of the completed hotel. It considers factors such as income, profitability, location and market conditions. Valuation helps determine whether the property is worth the amount invested.

- **Investor appetite -** Measures how willing investors are to invest in hotel projects in the market.
  Strong investor interest usually indicates confidence in future hotel performance. Low investor appetite may indicate higher perceived risk or weaker returns.

- **Exit opportunities -** Examines the possibility of selling or refinancing the hotel in the future. A strong market may provide more potential buyers and financing options, good exit opportunities can make the investment more attractive to investors.

Three scenarios used in the hospitality sector.

- **Bull case –** strong tourism and economic growth, limited supply and improving hotel performance.
- **Base case –** moderate demand and supply growth with relatively stable performance.
- **Bear case –** weak demand, high new supply and declining occupancy/revenue.

These scenarios give investors and developers a clear view of future opportunities, risks and expected market performance.

STATISTICAL INSIGHTS OF HOSPITALITY MARKET

This market is fundamentally different, the big drivers of hospitality market are international tourism, attractions, air connectivity, hotel occupancy and tourist spending.

Tanzania recorded;

In 2025 there was 2,294,495 international arrivals that marks up 7.1% and approximately USD 4.41 billion tourism earnings up to 13%.

In Zanzibar alone it recorded approximately 654,880 arrivals, and about USD 1.19 billion tourism earnings up to 19.3%.

The NBS (National Bureau Statistics) recorded hotel survey reached a 65.4% of national bed occupancy rate in August 2025.

Therefor the region rank of the hospitality sector are;

1.Zanzibar (Mjini Magharibi and kaskazini Unguja)

2.Arusha

3. Dar Es Salaam

4.Kilimanjaro

5.Pwani and Iringa

1.Zanzibar.

A) Mjini Magharibi (Pemba).

This is the strongest urban hospitality market in Zanzibar, The key attraction of this is **Stone Town**, which was the third-most visited attraction in Tanzania in 2025, accounting for **11.6% of visitors**, according to reporting based on the 2025 visitor survey.

The region also benefits from, airport connectivity, Stone Town, business tourism, cruise/visitor traffic, restaurants, cultural tourism, urban accommodation, and access to the entire island

Zanzibar's overall tourism receipts grew **19.3% in 2025**, much faster than visitor numbers, indicating increasing visitor spending.

B) Kaskazini Unguja.

This is the **beach-resort engine**, its principal strength is leisure tourism.

Zanzibar recorded, **654,880 international visitors in 2025, and** Leisure or holiday travel represented **92.9% of Zanzibar visitors**.

Therefore Kaskazini Unguja benefits from;

- beach resorts
- luxury hotels
- villas
- restaurants
- water activities
- honeymoon tourism
- international leisure travelers.

This is therefore particularly important for high-end hospitality and resort real estate.

2. Arusha.

Arusha is the Tanzania's major safari and tourism hub, serving as the primary gateway and commercial hub for Tanzania's Northern Safari Circuit (including the Serengeti, Ngorongoro, Tarangire, and other northern tourism attractions). Arusha features the highest concentration of high-end safari operators, luxury lodges, eco-camps, and business/conference hotels.

The key demand is not just tourists sleeping in Arusha, It is the entire safari ecosystem;

Kilimanjaro Airport → Arusha → Tarangire → Ngorongoro → Serengeti

The 2025 visitor data show that **Ngorongoro accounted for 14.2% of visitors, Serengeti 13.1%**, and **Tarangire 9.0% of visitors in 2025** making the Northern tourism circuit central to Tanzania's international tourism economy.

Arusha therefore supports:

1. safari hotels
2. lodges
3. business hotels
4. luxury accommodation
5. conference hotels
6. restaurants
7. serviced apartments
8. tour-company offices.

3.Dar Es Salaam.

Serves as the country's main commercial or business, corporate, and transit hospitality market. It has strong demand for luxury business hotels, international hotel chains, urban dining, MICE (Meetings, Incentives, Conferences, and Exhibitions), event catering, and serviced apartments. It has historically had the country's largest accommodation capacity.

At the national level, the hotel sector is also growing. The NBS survey recorded **266 hotels and 12,428 beds in January 2025,** while the national bed occupancy rate reached 65.4% in August 2025. For the wider real estate side of hospitality, Dar Es Salaam's selected commercial buildings had 82% occupancy in 2024 , up from 73% in 2023.

Therefore, Dar Es Salaam presents an important opportunity for hospitality related real estate investment, particularly in hotels, serviced apartments, restaurants and conference facilities.

4. Kilimanjaro.

Kilimanjaro is driven mainly by **Mount Kilimanjaro tourism, international airport, adventure tourism, mountain climbing and visitors passing through Moshi.**

Mount Kilimanjaro was recognized as Africa's leading tourist attraction in the recent tourism awards cited by NBS's 2024 tourism report.

This creates demand for:

1. pre/post-climb hotels
2. lodges
3. restaurants
4. transport
5. tour operators
6. serviced accommodation.

Tanzania received 2.142 million international tourists in 2024, and Mount Kilimanjaro remains one of the country's major tourism attractions.

5. Iringa and Pwani.

A) Iringa.

It anchors the rapidly growing Southern Circuit hospitality market, supported by major investments (such as the REGROW project) targeting high-end eco-tourism around Nyerere (Selous) and Ruaha National Park. Driven primarily by high-end, low-volume safari tourism in Ruaha National Park, as well as transit and cultural travelers in Iringa Town Center.

Average Daily Spend of the Iringa hospitality sector is USD 399 - USD 460 per person and per day for high-end safari or wildlife and specialized tour visitors in the Ruaha circuit.

Accommodation Performance (Short-Term Rentals or Small Lodges);

a. Average Occupancy Rate; 20.8% overall (market median around 16%).

b. Peak Season Occupancy: Reaches 31.2% to 38.9% during high months (February, April, June, August).

c. Average Daily Rate (ADR): USD 41 for town-based short-term rentals; luxury eco-camps or safari lodges in Ruaha range from USD 350 to USD 800 per night.

d. Peak Monthly Revenue (Short-Term Town Listings): Reaches up to 1,026 USD per month during peak demand periods.

B) Pwani Region (Coast Region).

It has comprises Bagamoyo, Mafia Island, and mainland coastal strips bordering Dar es Salaam. Driven by beach resort tourism, marine conservation, cultural heritage, and proximity to Nyerere (Selous) National Park.

1. **Average Daily Spend;** Beach and Coastal Leisure approximately is USD 179 – USD 251 per person and per night.
2. **Marine Tourism (Mafia Island):** USD 220 – USD 350 per person and per day.
3. **Occupancy & Operational Metrics;** Hotel Bed Occupancy Rate in Coastal hotel occupancy averages 45% to 58%, peaking up to 65% during peak holiday seasons (August & December). Average Length of Stay 5 to 7 nights for coastal beach resorts, 3 to 4 nights for heritage or transit stays in Bagamoyo.

Seasonality Index; High season runs from July to October and December to January, low season coincides with the long rains that is from March to May, dropping occupancy